63rd ANNUAL REPORT

2021 -2022

nesco

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BOARD OF DIRECTORS

Mr. Krishna S. Patel	Chairman and Managing Director
Mr. Sumant J. Patel	Executive Director and Chief Mentor (Upto 17 November 2021)
Mr. Mahendra K. Chouhan	Independent Director
Mrs. Sudha S. Patel	Non-Executive Director
Mr. Jai S. Diwanji	Independent Director
Mr. K. S. Srinivasa Murty.	Independent Director
Mr. Manu M. Parpia	Independent Director
Mrs. Amrita Verma Chowdhury.	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Dipesh R. Singhania

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Jinal J. Shah

STATUTORY AUDITORS

Manubhai & Shah LLP, Chartered Accountants

BANKER

HDFC Bank Limited

REGISTERED OFFICE

Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai 400063.
CIN: L17100MH1946PLC004886
Email: companysecretary@nesco.in Web: www.nesco.in
Tel: 022 66450123 Fax: 022 66450101

BRANCH OFFICES

New Delhi
J-7, Himalaya House,
23, K. G. Marg,
New Delhi 110001

Kolkata
Binoy Bhavan,
5th Floor,
Camac Street,
Kolkata 700016

Chennai
Smartworks Coworking Spaces Pvt. Ltd
Bharati Vilas - No. 26B,
Jawaharlal Nehru Salai,
Ekkaduthangal,
Guindy Industtial Estate,
Chennai 600032.

PLANTS

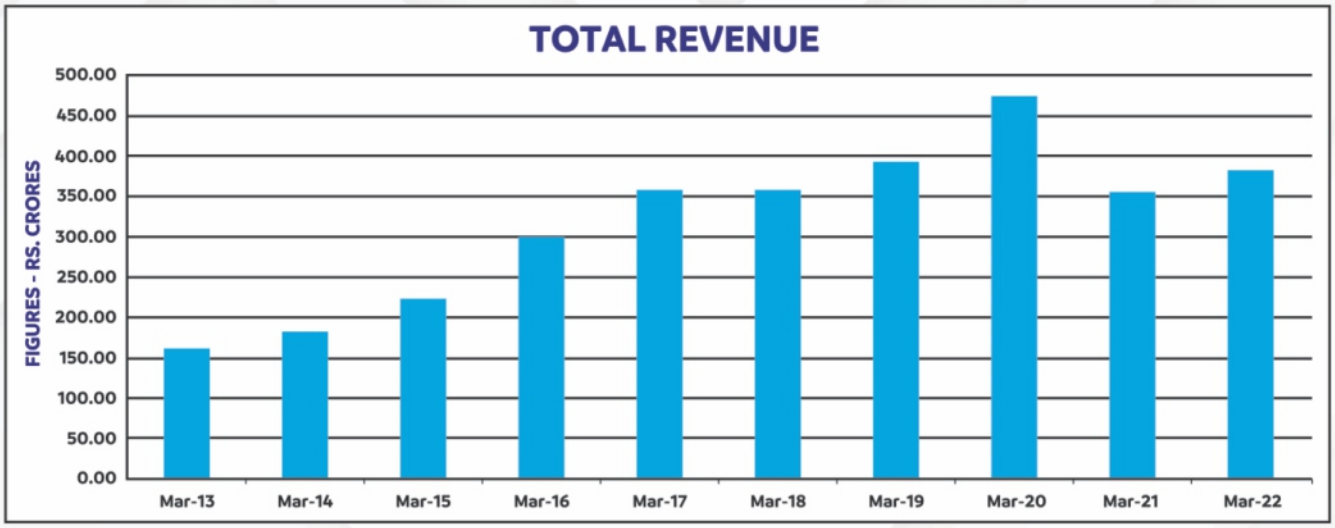
Karamsad
Anand Sojitra Road,
Karamsad
Gujarat 388325

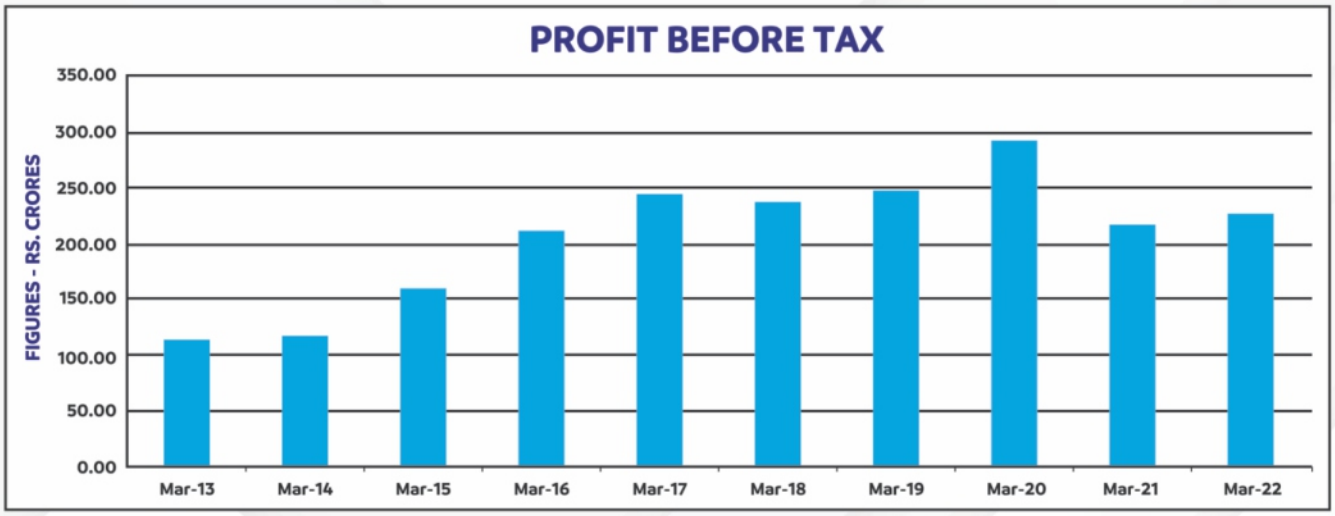
Vishnoli
Nadiad Petlad Road,
Vishnoli
Gujarat 388130

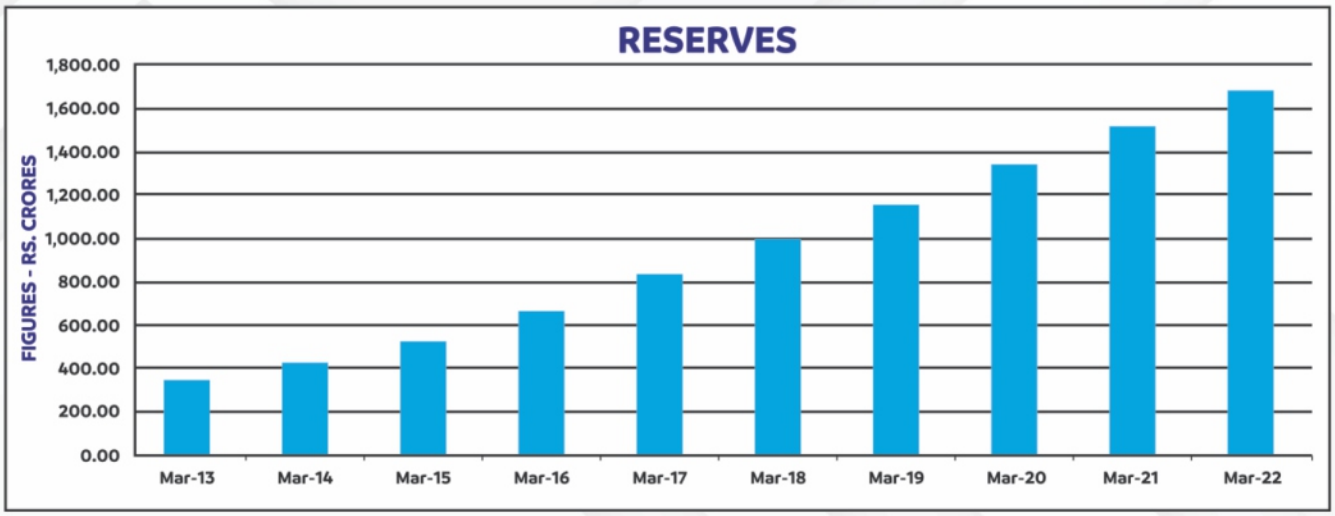
REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited

10 YEARS AT A GLANCE







REPORT OF BOARD OF DIRECTORS

Dear Members,

Board of Directors have pleasure in presenting 63rd annual report of your Company for the financial year ended 31 March 2022.

1. Financial Results:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Income	38,241.21	35,569.72	38,216.37	35,565.77
Profit before depreciation and tax	25,476.55	24,203.67	25,480.34	24,207.94
Depreciation	2,830.55	2,573.06	2,829.16	2,572.97
Profit Before Taxes	22,646.00	21,630.61	22,651.18	21,634.97
Tax Expenses	3,728.88	4,385.05	3,728.94	4,385.05
Net Profit after Taxes	18,917.12	17,245.56	18,922.24	17,249.92
Opening Balance of Retained Earnings	50.00	50.00	50.00	50.00
Amount available for appropriations:	19,011.52	17,217.43	19,016.64	17,221.79
Appropriations:				
1. Dividend	2,113.80	-	2,113.80	-
2. Transfer to General Reserve	16,847.72	17,167.43	16,852.84	17,171.79
Closing Balance of Retained Earnings	50.00	50.00	50.00	50.00
Earning Per Share (Basic) (in ₹)	26.85	24.48	26.86	24.48
Earning Per Share (Diluted) (in ₹)	26.85	24.48	26.86	24.48

2. Review of Operations:

Your Company achieved a consolidated turnover of ₹ 38,241.21 lakhs as compared to previous year consolidated turnover of ₹ 35,569.72 lakhs.

Consolidated profit before tax was at ₹ 22,646.00 lakhs as compared to ₹ 21,630.61 lakhs in the financial year 2020-21.

Consolidated earnings per share amounted to ₹ 26.85 (previous year ₹ 24.48). Company's reserves were ₹ 1,68,364.82 lakhs (previous year ₹ 1,51,513.71 lakhs).

3. Dividend:

Your Directors are pleased to recommend a dividend of 150% per equity share amounting to ₹ 3 per equity share of ₹ 2 each (same as last year) for the financial year ended 31 March 2022 for approval of shareholders at the ensuing Annual General Meeting.

Dividend Distribution Policy

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) the Dividend Distribution Policy is available on the Company's website at www.nesco.in.

4. Management Discussion and Analysis:

Management Discussion and Analysis as specified under the Listing Regulations is presented as a separate section in this Annual Report.

5. Company's Performance:

i) Nesco IT Park:

During the year, revenue from IT Park increased by 7.35% to ₹ 26,415.15 lakhs (previous year ₹ 24,606.29 lakhs).

80% of Tower 03 and 92% of Tower 04 are occupied by our clients. Hall 3 provides Incubation Centre facility; and a Child Care Centre for children of employees working in Nesco Center.

Our IT Towers accommodate world's leading multinationals such as HSBC, KPMG, PWC, MSCI, BlackRock, Here Solutions, Framestore, Priceline, WeWork, Apollo Global and several others. After two years of Work from Home, some Companies have now instructed their employees to come to office.

ii) Bombay Exhibition Centre:

a. **Guest Exhibitions and Events:** During the period from 01 November 2021 to 31 March 2022 twelve guest exhibitions was held in were Centre, which were organized by the existing clients. Other exhibitions could not be conducted in view of the lockdown and related restrictions imposed from 01 April 2021 to 31 October 2021 to contain 3rd wave of Pandemic. Income from the Exhibition Centre for the year was ₹ 1,618.33 lakhs compared to ₹ 595.11 lakhs in the previous year, there was an increase in revenue by 171.94%.

b. **Nesco Exhibitions and Events:** During the financial year 2021-22, Company couldn't conduct any exhibitions due to the aftereffects of the pandemic which reduced participations by the exhibitors in the Exhibitions.

iii) Nesco Foods:

Income for the year from the foods division decreased from the last year by 12.65% to ₹1,135.27 lakhs as compared to ₹1,299.61 lakhs during the previous year.

Nesco Foods caters to the needs of visitors to exhibitions and conventions and employees working in Nesco IT Park. The kitchen facility is fully operational. During the year, Nesco Foods catered food to the Jumbo Dedicated Covid Health Center made by MCGM in BEC Halls and outside clients and events. Company is in the process of soon commencing operations of Food Court and Restaurants in Tower 04 of Nesco IT Park.

iv) Indabrator:

During the year under review, income from Indabrator increased by 75.22% to ₹4,571.12 lakhs as compared to ₹ 2,608.76 lakhs during the previous year.

v) Investments and Other Income:

Income from investments and other income was ₹4,501.34 lakhs (previous year ₹6,459.95 lakhs), decreased by 30.32%.

6. Finance:

Your Company had no debt as on 31 March 2022. Company's liquid resources (fixed maturity plans, mutual funds, cash and bank balances) increased by 4.46 % to ₹ 85,578.99 lakhs from ₹ 81,923.11 lakhs.

Your Company has neither accepted any deposits from the public during the year nor are any deposits outstanding for repayment.

7. Internal Financial Controls related to Financial Statements:

Internal financial control over financial reporting have been designed to provide reasonable assurance with regards to recording and providing reliable financial information and complying with applicable accounting standards.

Your Company has well laid out policies on financial reporting, asset management, adherence to Management policies and also on promoting compliance of ethical and well-defined standards.

Your Company follows an exhaustive budgetary control and standard costing system. Moreover, the management team regularly meets to monitor goals and results and scrutinizes reasons for deviations in order to take necessary corrective steps.

Your Company periodically tracks all amendments to Indian Accounting Standards and makes changes to the underlying systems, processes and financial controls to ensure adherence to the same. Corporate account's function is actively involved in designing large process changes as well as validating changes to IT systems that have a bearing on the books of account. All resultant changes to the policy and impact on financials are disclosed after due validation with the Audit Committee.

The Audit Committee which meets at regular intervals also reviews the internal control systems with the Management and the internal auditors. The internal audit is conducted at various locations of the Company and covers all key areas. All audit observations and follow up actions are discussed with the Management as also the Statutory Auditors and the Audit Committee reviews them regularly.

8. Corporate Social Responsibility (CSR):

Your Company has undertaken various projects during the year in the field of promotion of Education and Special Education and in promoting Health Care and Preventive Health Care. The Company is evaluating and will take up more CSR activities in different areas. The CSR Policy of the Company is available on the website of the Company at www.nesco.in.

Annual report on CSR activities undertaken during the financial year ended 31 March 2022 in accordance with Section 135 of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in **"Annexure A"** attached to this report.

9. Directors and Key Managerial Personnel:

Mrs. Sudha S. Patel, Non-executive Director, retires by rotation at the ensuing annual general meeting pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and articles of association of your Company and being eligible has offered herself for reappointment. Her brief resume and other related information have been detailed in the annexure to the notice.

Mr. Krishna S. Patel was appointed as Chairman & Managing Director and Mr. Sumant J. Patel was appointed as Executive Director & Chief Mentor of the Company with effect from 15 June 2021. Mr. Sumant J. Patel left for his heavenly abode on 17 November 2021.

Mr. Krishna S. Patel, Chairman & Managing Director, Mr. Dipesh R. Singhania, Chief Financial Officer and Ms. Jinal J. Shah, Company Secretary and Compliance Officer of the Company are the Key Managerial Personnel of the Company.

10. Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 read with the rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force), the process for evaluation of the annual performance of the Directors, Board and Committees was carried out.

Regulation 17 of the Listing Regulations mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors.

The Independent Directors at their separate meeting reviewed the performance of Non-Independent Directors and the Board as a whole, Chairperson of the Company after taking into account the views of Executive Director and Non-Executive Directors, the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The evaluation of all the Directors, the Board and Committees as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate Governance Report section of this annual report.

11. Training of Independent Directors:

Your Company's Independent Directors are highly qualified and have been associated with corporate and business organizations. They understand Company's business and activities very well, however, pursuant to Regulation 4 of the Listing Regulations, the Independent Directors were given a brief about the Company's business processes, manufacturing activities and were also introduced to the employees of the Company.

12. Declaration by Independent Directors:

All Independent Directors have given declarations that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

13. Number of Board and Committee Meetings:

Pursuant to Section 134(3)(b), details of Board Meetings held during the year are given in the report on Corporate Governance which forms part of this Annual Report.

During the year five board meetings and four audit committee meetings were held, details of which are given in the Corporate Governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

A separate meeting of Independent Directors, pursuant to Section 149(7) read with Schedule VI of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was held on 11 August 2021.

14. Policy on Directors appointment and Remuneration and other details:

The salient features of the Nomination and Remuneration Policy of the Company and other matters provided in Section 178(3) of the Act are set out in the Corporate Governance Report which forms part of this Annual Report.

The said policy of the Company, inter alia, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment & re-appointment of directors on the Board of the Company and persons holding senior management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Act and Listing Regulations. The Nomination and Remuneration Policy is available on the website of the Company at www.nesco.in.

The remuneration paid to the directors, key managerial personnel and senior management is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations.

15. Director's Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

a. in the preparation of the annual accounts for the financial year ended 31 March 2022, the applicable Indian accounting standards and schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31 March 2022 and of the profit and loss of the Company for the financial year ended 31 March 2022;

c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a going concern basis;

e. proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

16. Auditors:

a. Statutory Audit and Auditors Report:

The Board of Directors in their meeting held on 24 May 2019, on the basis of recommendations of the Audit Committee and in accordance with the provisions of Section 139(1) of the Companies Act, 2013, had appointed M/s Manubhai & Shah LLP, to act as the Statutory Auditors of your Company for a second term of five years i.e., till the conclusion of the 65th Annual General Meeting. The Company had received certificate from the Auditors to the effect that the appointment is in accordance with the limits specified under Section 139(9) of the Companies Act, 2013.

M/s. Manubhai & Shah LLP has confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors have issued an unmodified opinion on the Standalone and Consolidated Financial Statements for the financial year ended 31 March 2022. The Auditors Report for the financial year ended 31 March 2022 on the Standalone and Consolidated Financial Statements of the Company forms a part of this Annual Report.

The Auditors Report for the financial year 2021-22, does not contain any qualification, reservation or adverse remark.

b. Secretarial Audit and Secretarial Audit Report:

In terms of Section 204 of the Companies Act, 2013, the Board of Directors at its meeting held on 28 May 2021, appointed Ms. Neeta H. Desai of M/s. ND & Associates, Practising Company Secretary, as the Secretarial Auditor to conduct an audit of the Secretarial records for the financial year 2021-22.

The Secretarial Audit Report for the financial year 2021-22 is annexed herewith as **"Annexure B".** The Secretarial Auditors Report does not contain any qualification, reservation or adverse remark.

None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013.

c. Cost Audit and Auditors:

Pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014, your Company is required to get the cost audit done for its Indabrator division from the financial year 2022-23 for the cost records maintained by the said division of the Company.

The Board of Directors of the Company, on the recommendation made by the Audit Committee, have appointed M/s. Y. S. Thakar & Co. (Firm Registration No. 000318) as the Cost Auditors of the Company to conduct the audit of cost records of products for the financial year 2022-23. M/s. Y. S. Thakar & Co., being eligible, have given their consent to act as the Cost Auditors of the Company for the financial year 2022-23.

The remuneration proposed to be paid to the Cost Auditors, subject to ratification by the members of the Company at the ensuing 63rd Annual General Meeting, would not exceed ₹40,000/- (Rupees Forty Thousand only) excluding taxes and out-of-pocket expenses, if any.

17. Particulars of Loans, Guarantees and Investments:

The particulars of loans, guarantees and investments made by the Company pursuant to Section 186 of the Companies Act, 2013 have been disclosed in the financial statements forming part of this annual report. There are no guarantees issued by the Company.

18. Vigil Mechanism and Whistle Blower Policy:

The Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. The Company has a vigil mechanism to deal with fraud and mismanagement, if any. The policy is placed on the website of the Company.

19. Risk Management:

The Company endeavors to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. The Company, through its risk management process, aims to contain the risks within its risk appetite. There are no risks which in the opinion of the Board threaten the existence of the Company.

The Board of Directors of the Company on the recommendation of the Risk Management Committee has developed risk management policy for the Company which articulates the Company's approach to address the uncertainties in its endeavor to achieve its stated and implicit objectives.

20. Safety, Health and Environment:

Your Company recognizes its role in health and safety, as well as its responsibility towards environment and society. In fact, your Company's goals are: no accidents, no injuries to people and no damage to environment. Safety and security of personnel, assets and environmental protection are also on top of the agenda of the Company at its manufacturing facilities.

Clean environment and sustainable development integrated with the business objective is the focus of the Company. The projects and activities are planned and designed with environment protection as an integral part to ensure a safe and clean environment for sustainable development.

21. Corporate Governance:

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from M/s. Manubhai & Shah LLP, Chartered Accountants confirming compliance with requirement of corporate governance forms an integral part of this report.